December 29, 1999

Mr. Seyed Sadredin
Director of Permit Services
San Joaquin Valley Unified APCD
1990 East Gettysburg Avenue
Fresno, CA 93726-0244

Re: Nine Proposed Title V Operating Permits - Batch 7

Dear Mr. Sadredin:

Thank you for the opportunity to review the nine proposed Title V operating permits that you submitted on November 15, 1999. Of the nine permits, we reviewed the following seven:

- **J.P. Oil Company** (source #C-313, project #970415)
- **Modesto Energy Limited Partnership** (source #N-2045, project #960655)
- **Northern California Power Agency** (source #N-2697, project #970795)
- **Rio Bravo Fresno** (source #C-1820, project #960667)
- **ST Services** (source #N-829, project #960581)
- **West Kern Water District** (source #S-349, project #961036; and source #S-350, project #961037)

We discussed our concerns with your staff during the permit review process, and appreciate your staff's efforts to negotiate permit improvements in response to these concerns. The permit changes contained in your December 20th and 28th letters will address each of the issues we discussed with the exception of the proposed permit for Northern California Power Agency (NCPA). We have enclosed our comments on the proposed permit for NCPA, as well as the proposed permits for J.P. Oil Company, Rio Bravo Fresno, and ST Services.

We are not providing comments on the proposed permits for the West Kern Water District and the Modesto Energy Limited Partnership. In addition, we did not review the proposed title V permits for **Recot** (source #S-2076, project #961013) and **Vintage Petroleum** (source #S-1738, project #970336) due to resource constraints.

We would like to thank your staff for their assistance during our review of these permits. Please have your staff contact Ed Pike or Duong Nguyen of my office at (415) 744-1211 or (415) 744-1142 if you have any questions concerning our comments.

Sincerely,

Matt Haber
Chief, Permits Office

Enclosure

cc: Ray Menebroker, California Air Resources Board
Michael Argentine, Northern California Power Agency
Joey Barulich, Vintage Petroleum
Randall Burdorf, Recot
Robert Escalante, Rio Bravo Fresno
Gerlin Melton, West Kern Water District
Kyle Mullins, ST Services
Edward Tomeo, Modesto Energy Limited Partnership
Lyle Zeringue, J.P. Oil Company

Enclosure:
EPA Comments on Batch Seven Proposed Title V Permits

Title V Compliance Schedules

Title V permits must contain compliance schedules for all outstanding compliance issues. It has recently come to our attention that the District has issued numerous Notices of Violations that should have been addressed by compliance schedules in proposed or final Title V permits for Texaco (S-43 and S-1131). We understand that Title V applications may not address more recent NOVs that have been issued by the time the District drafts Title V permits. We recommend that the District require sources to update the information on their compliance certification, or that District staff check for outstanding compliance issues when permits are drafted.

J.P. Oil Company C-313 (source #C-313, project #970415)

Periodic Monitoring Review

We appreciate the District's thorough review of most applicable requirements in your Title V engineering evaluations. We request that you consistently review periodic monitoring requirements for New Source Review limits in your Title V engineering evaluations (Section IX.B.2). This periodic monitoring evaluation would help streamline our review process.

Gas Plant (unit #1)

The District should include a method for determining compliance with the NSR daily emission limits based on component counts and the appropriate emission factors. (The District's December 20, 1999 letter committed to adding conditions that satisfy our concern.)

Gasoline Tanks (units #6, #7, and #8)

These tanks must be equipped with a vapor loss prevention system that is at least 95% efficient (condition 14), and we recommend the following periodic monitoring:

> Determine the pressure at which any pressure relief valves on the tanks will open, and specify the pressure at which the vapor recovery compressor will begin operation.
>
> Require that the source maintain pressure relief valve settings at an adequate margin above that pressure.
>
> Require inspection of these pressure settings during the annual or quarterly inspection of the plant currently required by the facility-wide conditions.

Loading Racks (units #2 and #24):
The permit evaluation should explain how periodic monitoring for the daily emissions limit in condition 4 will be performed.

Northern California Power Agency N-2697, project #970795

PM_{10} Stack Testing
The permit must include adequate periodic monitoring for the 48 lb/day PM_{10} limit. We believe that PM_{10} stack testing at least once per permit term is necessary to provide adequate periodic monitoring. The AP-42 emission factors of 0.0193 lb PM_{10}/MMbtu (solid) and 0.0226 lb PM_{10}/MMbtu (condensible) convert to 8.75 lb PM_{10}/hr and 10.2 lbm/hr with at a heat input of 453.5 MMbtu/hr. These emission factors are not intended to determine compliance with the applicable emission rates, but show that source-specific information (i.e. stack testing) is necessary to determine compliance. Test data for several gas turbines in the San Joaquin Valley show emissions rates (in lb PM_{10}/MMbtu) both above and below those necessary for NCPA to comply with their daily PM_{10} limit, further indicating the need for periodic monitoring to determine the emissions at this source. Please note that EPA may independently require additional testing if the District does not require adequate periodic monitoring in the final title V permit.

Malfunction Exemptions
Condition 6 contains a broad malfunction exemption that is based on EPA's NSPS, but is not limited to NSPS requirements. The NSPS limits have been eliminated from the permit based on streamlining, but the exemption has not. Therefore, either condition 6 or the malfunction exemption in condition 6 must be removed from the permit. (The District's letter commits to removing the malfunction exemption.)

Credible Evidence
EPA recommends replacing language stating that a particular source test or monitoring method will be used to "determine" or "demonstrate" compliance with language that just requires the source to "measure" emissions with the appropriate compliance test and, where appropriate (such as daily limits), "calculate" daily emissions - condition 5, 35, 42, 45, and 63. EPA suggests using the alternate language that the District has included in past permits to address our credible evidence concerns. (The District's commitment letter contained the necessary changes to satisfy our concerns.)

NSPS sulfur content monitoring
As noted in our earlier comments on gas turbines subject to the NSPS, we recommend that the District follow NSPS procedures to obtain approval for alternate monitoring schedules.

Rio Bravo Fresno (source #C-1820, project #960667)

Fluidized Bed Combustor

- Permit 1-5 for the fluidized bed combustor does not have a condition to limit CO to 400 ppm, as required by Rule 4352. (The District's letter committed to adding the appropriate CO limits to address this concern.)

- Permit 1-5, Condition 28 specifies that emission credits for the use of creditable fuels shall be calculated using formulas and procedures approved by the District. However, the ATC states that the calculation procedures and formulas are already approved by the District in ATC #3060010103. This ATC language should be used in the Title V permit. Alternatively, the District could spell out the requirements, rather than referring to them, in the Title V permit. (The District's letter committed to adding appropriate permit language to address this concern.)

ST Services (source #N-829, project #960581)

Loading Rack

Condition 2 of the loading rack permit contains unclear language specifying that a daily fuel throughput limit will be established upon receipt of the CARB certification for the vapor recovery system. This comment also applies to permit 20-1 for the vapor recovery system. (The District's letter commits to specifying the daily throughput limit in the permit.)